This section provides information on how we manage our business in a responsible, ethical and transparent way.
Dr Brian Brink (60)
BSc (Med), MBCh, DA (SA)
Non-executive Director
Brian is a respected thought leader in the health arena, with particular interests in healthcare systems strengthening, HIV and AIDS management and women’s health issues. He is Chief Medical Officer at Anglo American.

Peter Cooper (56)
BCom (Hons), HDip Tax, CA (SA)
Non-executive Director
Peter is Chief Operating Officer of Rand Merchant Insurance Holdings Limited. As RMHI’s representative, he also serves on the boards of its investments, including OUTurance and RMB Structured Insurance. Peter graduated from the University of Cape Town in 1978 and after qualifying as a chartered accountant he worked in the financial services sector, first as a tax consultant and later specialising in corporate and structured finance with UAL Merchant Bank after which he joined the RMB group in 1993.

Jan Durand (44)
BAcc (Hons), MPhil, CA (SA)
Non-executive Director
Jan is a qualified chartered accountant and Rhodes Scholar, with a BAcc (Hons) from the University of Stellenbosch and an MPhil in management studies from Oxford University. He is the Chief Executive Officer of Remgro Ltd, and before its delisting was the Financial Director and Chief Executive Officer of Venfin Ltd. Jan is a director of Rainbow Chicken Ltd, Capevin Investments Ltd, SAIL Group Ltd, Capevin Holdings Ltd, RMB Holdings Ltd, RMI Holdings Ltd, Saracens Ltd, Tracker Investments Holdings (Pty) Ltd, InvVenFin (Pty) Ltd, Intervid Ltd, Intervid International AG, CommsoCo Holdings (Pty) Ltd and CommsoCo (Pty) Ltd. He has been a Director of Remgro Ltd since November 2009, and served as a Non-executive Director of Alexander Forbes Ltd from October 2004 to July 2007. Jan brings extensive expertise and complementary capabilities to the Discovery Board.

Richard Farber (41)
BCom (Hons), CA (SA), FCMA
Executive Director
Richard was a partner at Fisher Hoffman Sithole (PKF) from 1998 until 2001 before joining Investec Bank, where he was the Group Accountant from 2002 to 2003. He joined Discovery as the Chief Financial Officer in 2003 and was appointed as the Financial Director on 1 July 2009. Richard is also a member of the Financial Reporting Investigation Panel of the Johannesburg Securities Exchange and a fellow of the Chartered Institute of Management Accountants.

Adrian Gore (48)
BSc (Hons), FFA, ASA, MAAA, FASSA
Group Chief Executive Officer
Adrian started Discovery Health in 1992 after conceiving the idea of a specialist risk management company that offered clients innovation, flexibility, value and excellent service. He was chosen as the Ernst & Young Entrepreneur of the Year in 1998. He currently serves on the boards of Discovery Holdings, Discovery Health, The Vitality Group (USA), Vitality, and PruHealth and PruProtect in the UK. He is also the Chairperson of Endeavor South Africa, a global organisation that focuses on developing entrepreneurial talent.

Monty Hilkowitz (72)
FIA
Non-executive Chairperson
Monty worked for Southern Life Association and Swiss Re before joining Liberty Life in 1971 where he was appointed Managing Director in 1978. He was appointed Chief Executive Officer of Westpac Life in Australia in 1986. He has been self-employed since 1989. Monty was involved in investment management, financial services and insurance interests in several countries. He is currently a director of The Dublin Network and Acuvest, specialist financial services companies in Ireland. He also serves as the Chairperson of Pioneer International.
**Hylton Kallner (37)**  
**BEconSc, FFA, FASSA**  
**Executive Director**  
Hylton graduated from the University of the Witwatersrand with a BEconSc in Actuarial Science. In 2000, he was admitted as a Fellow of the Faculty of Actuaries and a Fellow of the Actuarial Society of South Africa. In 1996 Hylton started his career at Liberty Life in the actuarial division. In October 1996, he joined Discovery Health where he has held various positions in marketing, actuarial and strategic projects. He is currently the Chief Marketing Officer of the Discovery Group and plays a key role in the executive committees of Discovery Holdings, Discovery Health, Discovery Life, Discovery Invest and Discovery Vitality. Hylton was appointed to the boards of Discovery Health and Discovery Life in April 2010.

**Neville Koopowitz (48)**  
**BCom, CFP**  
**Executive Director**  
Neville joined Discovery as Marketing Director in 1996 and has played a key role in defining and building the Discovery identity. A particular area of focus has been the development of Vitality and DiscoveryCard. He also played an important role in the development of Discovery’s sales and distribution environments and was the Chief Executive Officer of Discovery Health from 2005 to 2010. He is currently the Chief Executive Officer of PruHealth. Neville serves on the Health Committee of the Association of British Insurers.

**Dr Vincent Maphai (60)**  
**BA, BA (Hons), M Phil, D Phil, Advanced Management Program (Harvard)**  
**Non-executive Director**  
Vincent is the Director of Corporate Affairs and Transformation at SAB. Previously he was the Southern African Chairperson of BHP Billiton. In an academic career spanning two decades, he taught at various universities both locally and abroad and consulted with several blue-chip companies on a range of transformation and human resource issues. He was also a Research Executive Director of Social Dynamics at the HSRC for three years. He has served on the boards of various companies as Non-executive Chairperson, and he has chaired the SABC, the Presidential Review Commission into the restructuring of the public sector, and the South African Responsible Gambling Trust. Vincent is also the Chairperson of the Discovery Foundation.

**Herschel Meyers (52)**  
**BSc (Hons), FIA, FASSA**  
**Executive Director**  
Herschel joined Discovery in 2000 to set up and launch its life insurance arm, Discovery Life. Before that he spent 20 years in senior positions at Liberty Life heading up administration, underwriting, systems, technology, product development and finance for group and individual life business. He was also a director of Millennium, Guardbank, Oracle and Liberty Healthcare. Herschel was appointed Chief Executive Officer of Discovery Life in 2006. He also serves on the boards of Discovery Holdings, Vitality and the Association of Savings and Investments South Africa (ASISA).

**Vhonani Mufamadi (43)**  
**BA (Law), LLB**  
**Non-executive Director**  
Vhonani Mufamadi obtained BA Law and LLB degrees from the University of Witwatersrand in 1992. He started his career as a consultant where his responsibilities included consulting to companies and organisations on their human resources and management needs. In this capacity, his clients included Anglo American Corporation, Goldfields Ltd, Sasol Ltd and the South African Sugar Association. From 1994 to 1997, he practiced law at Edward Nathan & Friedland Co. He is the founder member and Chairperson of Muvoni Investment Holdings and has also been the Chief Executive Officer since 2001. Muvoni Investment Holdings has over the years invested in various sectors including engineering (electrical and telecommunications), information technology and biometrics. Today, the company’s sole asset is Ideco Group Ltd – a biometrics business founded by Muvoni Investment Holdings and listed on the AltX board of the Johannesburg Securities Exchange. Vhonani is also a director of the Rhodes Scholarship Trust in Gauteng, the Tiso Group, Early Childhood Development Projects and Businessmap Advisory Services.

**Dr Ayanda Ntsaluba (52)**  
**MBChB, MSc (Lond), FCOG (SA)**  
**Executive Director**  
Before joining Discovery in July 2011, Ayanda served as Director General of the Department of International Relations and Co-operation. Before this, he was Director General of the Department of Health. A qualified obstetrician and gynaecologist, Ayanda completed further tertiary education in the fields of health policy planning, international relations and business at eminent universities including Harvard, the University of London and the Moscow Institute of Social Science. He has served on a number of statutory bodies including the Medical Research Council (SA) and the Health Professions Council of SA. Ayanda is playing an instrumental role in Discovery’s overall strategic planning, particularly within the healthcare system, and in Discovery’s international expansion strategy.
Les Owen (63)
BSc (Hons), FIA, FPMI
Non-executive Director
Les is a qualified actuary with over 35 years’ experience in the UK and Asia Pacific insurance markets. He was the Group Chief Executive of AXA Asia Pacific Holdings Ltd from 2000 to 2006 and Chief Executive Officer of AXA SunLife in the UK from 1995 to 1999. Les brings to the Board extensive experience and expertise in international insurance markets.

Alan Pollard (43)
BSc (Hons), FIA, FSSA
Executive Director
Alan joined Discovery Health in 1994 and headed up Research and Development where he was responsible for the design and development of the Discovery Health products. A qualified actuary, Alan was the Chief Executive Officer of Discovery Vitality until earlier this year. He is a member of the Executive Committee of the Discovery Group. He is currently the Chief Executive Officer of The Vitality Group in the USA.

John Robertson (64)
BCom, CTA, CA (SA), HDipTax
Executive Director
John joined Discovery Health in April 1993 and was responsible for information technology strategy, systems development, information technology networks and finance. He is currently responsible for all aspects of information technology, e-commerce and all internal corporate operations at Discovery. He is also responsible for the strategic development of technology and information systems for the USA operations and for the South African operations of the PruHealth joint venture.

Sonja Sebotsa (40)
LLB (Hons), MA
Non-executive Director
Sonja is the founder and principal partner in Identity Partners, an investment firm which makes equity investments, carries out advisory work and provides debt and equity finance for SMEs by the Identity Development Fund. Sonja’s areas of study were law, business and economics. Until August 2007, she had been an Executive Director of WDB Investment Holdings where she led the structuring of several of WDB’s investment transactions. Before this she was a Vice President in the investment banking division of Deutsche Bank, where she worked in Mergers and Acquisitions and Corporate Finance in South Africa and the UK.

Tania Slabbert (45)
BA, MBA
Non-executive Director
Tania joined WDB Investment Holdings in 1999 and has been the CEO of WDB Investment Holdings for the past 10 years. Here she manages a portfolio of investments to support the WDB Group’s mission of economic development of women in South Africa by providing them with access to financial and non-financial resources. Before joining WDB, Tania spent four years in the diplomatic corps, working in the political division of the South African embassy in Paris, France. Prior to this, she spent a number of years in West Africa working in the non-governmental sector. Her other directorships include BP South Africa, Bidvest Group and Caxton.

Barry Swartzberg (47)
BSc, FFA, ASA, FASSA, CFP
Executive Director
Barry was a pioneer of Discovery Health in 1992 and was involved in developing the Discovery concept. After Discovery Health was launched, he was involved in setting up the administration and systems infrastructure for the company. Following that he was the Marketing Director. He was Chief Executive Officer of Discovery Health from 2000 to 2005. He is currently the Group Executive Director of Discovery Holdings, and is responsible for Discovery’s international operations. He serves on the boards of Discovery Holdings, The Vitality Group in the USA and PruHealth and PruProtect in the UK.

Sindi Zilwa (45)
BCompt (Hons), CTA, CA (SA), Advanced Taxation Certificate (SA), Advanced Diploma in Financial Planning (UOFS), Advanced Diploma in Banking (RAU),
Non-executive Director
Sindi is the Chief Executive Officer of Nkonki, a chartered accountancy firm. She was the second black woman to qualify as a chartered accountant in 1990. In 1998, she was awarded the Businesswoman of the Year title by the Executive Women’s Club, and she was awarded the Woman of Substance Award for 2008 by the African Women Chartered Accountants Forum. She serves on the boards of Woolworths, Aspen, Rebosis and Air Traffic Navigation Services.
CORPORATE GOVERNANCE COMMITTEES AND SECRETARY

Actuarial Committee
AB Rayner (Chairperson)
R Farber
RE Lee
HP Mayers
S Matisonn
L Owen
A Pollard
B Swartzberg
RD Williams (Statutory Actuary)

Audit and Risk Committee
AL Owen (Chairperson)
SE Sebotsa
SV Zilwa

Remuneration Committee
JJ Durand (Chairperson)
P Cooper
MI Hilkowitz

Social and Ethics Committee
SV Zilwa (Chairperson)
BA Brink
Dr J Broomberg
R Farber
A Gore
H Kallner
HP Mayers
Dr A Ntsaluba
JM Robertson
T Slabbert
B Swartzberg
Dr P Tlhabi

Executive Committee
A Gore (Chairperson)
Dr J Broomberg
R Farber
D Govender
P Harvey
L Izikowitz
HD Kallner
NS Koopowitz
S Matisonn
HP Mayers
K Mayet
Dr R Noach
G Novick
Dr A Ntsaluba
A Ossip
A Pollard
K Rabson
JM Robertson
E Stipp
B Sundelson
B Swartzberg
P Thompson
Dr P Tlhabi
R van Reenen
S Vyvyan-Day

Company Secretary
MJ Botha
Good corporate governance is important for Discovery, as it ensures we remain accountable to our stakeholders.
CORPORATE GOVERNANCE REPORT

Corporate governance forms the pillar of Discovery’s operations and has been embedded in our core values. It underpins the way we do business, communicate with and report to our stakeholders, and ensures that we manage the business in a responsible, ethical and transparent manner. Good corporate governance principles and practice support this objective through proper management and control of the company. We are committed to a transparent governance process that ensures we manage the business ethically, using cautious risk models and in accordance with local and international best practice. Being a values-based organisation, Discovery’s Board of Directors is committed to ensuring the business is run in a responsible manner with a view to maintaining our economic, social and environmental performance.

How we address the recommendations of the King Code on Governance Principles (King III) for Discovery

During the year under review, Discovery complied materially with the principles of King III. Instances of non-compliance are discussed below:

- Following our internal stakeholder engagement around sustainability issues for Discovery, we started work to formalise our Corporate Citizenship policy. This is a priority for 2013.
- We have not yet completed an assessment of our ethics management framework or performance. This is a priority for 2013.

Discovery’s Group Internal Audit and an external assurance provider have provided assurance on the 2012 Integrated Annual Report.

The Board of Directors and its committees

Discovery’s Board has clear divisions of responsibilities between it and the executive management and this ensures no director has unfettered powers of decision-making.

During the year, we appointed one executive director and one non-executive director to the Board to meet the strategic objectives of the business.

The boards of Discovery Holdings, Discovery Life, Discovery Health and Vitality hold one combined meeting, where possible. Mr MI Hilkowitz is the Chairperson of the Group and is non-executive and independent according to King III.

The Chairperson has been a Director of Discovery for 10 years. In terms of King III, the Board of Directors is required to consider the independence of the Chairperson in these circumstances. The independence of Mr Hilkowitz as Chairperson has been discussed and debated by the Discovery Board of Directors. The Board has unanimously agreed that Mr Hilkowitz’s extensive local and international experience in insurance industries, as well as his technical expertise, is invaluable for the leadership of Discovery Holdings. Ms Sindi Zilwa serves as a Non-executive Director and has been on Discovery’s Board for nine years. The Board has reviewed Ms Zilwa’s independence and agreed that her expertise in auditing and financial management, as well as her experience as a member of the Audit and Risk Committee, is highly valued.

The roles of the Chairperson and the Chief Executive Officer are separate, with each having their own set of duties. At the time of publishing the Annual Report, the Board of Discovery Holdings consisted of 20 members: nine are executive and the other 11 are non-executive directors. Of the non-executive directors, eight are independent (as defined according to King III and the JSE). The members of the Board bring a mix of skills, experience and technical expertise to the Board.

Read more about Discovery’s Board of Directors on page 103.

The role of the Board of Directors is to:

1. Appoint the Chief Executive Officer
2. Be the guardian of the values and ethics of Discovery
3. Approve the strategic direction of the Group and the budgets necessary for its implementation
4. Monitor the executive management in the implementation of the corporate vision and strategy
5. Ensure there is compliance with the relevant laws, codes and standards
6. Communicate with shareholders openly and timeously throughout the year.

Duties of the directors

The directors exercise their fiduciary duty with due diligence and act in the best interests of the company. The Chief Executive Officer presents a report at each Board meeting. The Board also receives reports from the Audit and Risk, Actuarial, Social and Ethics, and Remuneration committees.

Board performance assessment

A collective board-effectiveness evaluation is done annually (with the help of external advisers if required). The Chairperson meets with individual directors on a one-to-one basis throughout the year to discuss matters relevant to their directorship.
Appointment of directors

When necessary, the Board identifies suitable new directors. No nomination committee exists as the Board has adopted a policy stating that the appointment of new directors remains the responsibility of the Board as a whole and appointments will be discussed and approved at Board meetings. The policy for the appointment of directors is formal and transparent. The process to nominate and appoint new directors will depend on business needs as identified by the Board. A recruitment process is followed where applicable CVs are sourced and reviewed according to specific needs and specifications.

Non-executive directors are appointed for three years and reappointments are not automatic. All executive directors have contracts that may be terminated with one to three months’ notice. Directors must operate in accordance with the Discovery Code of Conduct.

The Company Secretary arranges induction and orientation and continuing education programmes for new directors. This includes an explanation of their fiduciary duties and responsibilities. They also go on visits to different parts of the businesses for discussions with management on industry-specific issues.

Continuous Professional Development

Continuous Professional Development takes place in the form of training and presentations on relevant industry, financial, economic and actuarial topics. As the need arises, specific training is arranged to ensure Board members are informed and knowledgeable on issues that impact the business. In terms of the Solvency Assessment Management framework for example, specific training will be provided to Board members by the end of 2012.

Board proceedings

The Board meets six times a year, with additional meetings arranged when necessary. A separate strategy day is arranged each year where executive management is invited to present and discuss strategy matters with the Board. Directors have full and unrestricted access to relevant information. They can obtain independent professional advice at Discovery’s expense to help them in their duties.

Attendance at Board meetings over the last financial year was as follows:

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<td>MI Hilkowitz</td>
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<td>(Chairperson)</td>
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<td>P Cooper</td>
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<tr>
<td>A Gore (Chief Executive Officer)</td>
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<td>BA Brink</td>
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<td>J Durand</td>
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<td>SB Epstein</td>
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<td>R Farber</td>
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<td>NS Koopowitz</td>
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<td>TV Maphai</td>
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<td>HP Mayers</td>
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<td>V Mufamadi</td>
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<td>A Pollard</td>
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<td>JM Robertson</td>
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<td>T Slabbert</td>
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<td>B Swartzberg</td>
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<td>SV Zilwa</td>
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<td>P Tlhabi</td>
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Dr J Broomberg and Dr P Tlhabi are directors of Discovery Health only. Mr KS Rabson is a director of Discovery Life only.
Board committees
To help the Board with its responsibilities, specific committees have been set up with their own responsibilities. The overall responsibility, however, remains with the Board.

The performance of these committees is considered by the Board on an annual basis.

The current board committees are:

**Discovery Holdings Executive Committee**
The Holdings Executive Committee is empowered and responsible for implementing the strategies approved by the Discovery Board, and for managing the affairs of Discovery. The Holdings Executive Committee is chaired by the Chief Executive Officer and meets weekly.

The different business units, including the offshore operations, also have executive committees. All the executive committees meet weekly, except for PruHealth that currently meets every second week. Feedback on the activities of each business unit is given at the weekly meetings of the Holdings Executive Committee.

**Audit and Risk Committee**
The Board of Discovery oversees business performance and risk management activities. It is supported by the Audit and Risk Committee. Terms of reference have been adopted.

Read the report from the Audit and Risk Committee on page 135 of this report.

During the year, the finance function was reviewed and found to be effective. The Audit and Risk Committee has reviewed and approved the Integrated Annual Report.

**The responsibilities of the Audit and Risk Committee are:**

- To examine and review the company’s interim and financial statements prior to submission to and approval by the Board, as well as the company’s Integrated Annual Report
- To receive and deal appropriately with any complaints relating either to the accounting practices or internal audit of the Group or the content or auditing of its financial statements
- To review the effectiveness of internal controls
- To nominate, with the approval of the Board, to the Annual General Meeting the appointment of the External Auditor, after considering the independence of the proposed auditor
- To approve the External Auditor’s terms of engagement, the audit plan and audit fees
- To approve the provision of any non-audit services by the External Auditor to the Company. A policy for non-audit services is in place
- To review the adequacy and effectiveness of the system for monitoring compliance with laws and regulations
- To review the performance of the company’s internal audit function
- To review the finance function every year
- To provide independent and objective oversight of the financial, operational and strategic risks.

With effect from 1 January 2011, the Audit and Risk Committee increased the number of its meetings from four to six a year. The executive management team and representatives of the external audit and internal audit teams attend these meetings by invitation. Two extra meetings were arranged during the year to discuss specific matters.

The Board recognises the need for members of the Actuarial Committee to attend the Audit and Risk Committee meetings and vice versa. Mr AB Rayner, the independent Chairperson of the Actuarial Committee, attends the Audit and Risk Committee meetings by invitation.

The members of the Audit and Risk Committee are Mr AL Owen (Chairperson), Ms SE Sebotsa and Ms SV Zilwa. The Chairperson of the Audit and Risk Committee is also present at the Annual General Meeting.

Attendance at Audit and Risk Committee meetings, over past financial year, was as follows:

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<td>L Owen</td>
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<tr>
<td>SE Sebotsa</td>
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<tr>
<td>SV Zilwa</td>
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</table>

Individual risk committees for each business unit have been set up as part of the executive functions. Each risk committee meets monthly and the CEOs of the business units, members of their executive committees and key risk management stakeholders from compliance and internal audit attend these meetings. Their aim is to develop, implement and monitor processes for key financial and non-financial risks using the enterprise-wide risk management framework.

The divisional risk committees are responsible for:

- Receiving and evaluating reports on the risk profile for the business according to severity and likelihood
- Reviewing the current effectiveness of control measures of the major risks
- Developing any plans to address any risks where more control improvements are necessary
- Implementing the risk management strategies
- Implementing risk control action plans
- Assessing the results of internal and external audit assessments and implementing recommendations.

Corporate Governance  Corporate governance report (continued)
**Actuarial Committee**

The responsibilities of the Actuarial Committee are:

- To ensure that all relevant actuarial risks are identified and analysed across all businesses
- To consider the financial soundness valuation results of Discovery, including overall methodology and assumptions used to value the assets and liabilities of the Group and the overall checks and controls applied by the statutory actuary
- To consider the embedded value results of Discovery, including the overall methodology and assumptions used in the embedded value calculation, as well as the overall checks and controls applied by the responsible actuary
- To review the external disclosure of the embedded value results of Discovery
- To make sure that, from an actuarial perspective, Discovery meets all statutory requirements and international best practice
- To consider the capital position of Discovery
- To make sure the necessary processes and forums are in place to allow the statutory actuary to decide on the actuarial soundness of new products and revisions of existing products
- To review all reinsurance arrangements, whether acting as reinsurer or as the reinsured.

The Actuarial Committee met six times during the year. Two extra informal meetings took place to discuss specific matters. The PruHealth Group in the UK and Discovery Insure have their own actuarial committees. These committees are responsible for the specific issues relating to pricing and underwriting of these companies’ products.

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**Attendance of Actuarial Committee meetings over the past financial year was as follows:**

<table>
<thead>
<tr>
<th>Date</th>
<th>AB Rayner</th>
<th>R Farber</th>
<th>AL Owen</th>
<th>S Matisonn</th>
<th>HP Mayers</th>
<th>A Pollard</th>
<th>B Swartzberg</th>
<th>RW Williams</th>
<th>R Lee</th>
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Mr AB Rayner is a qualified actuary employed by the actuarial consultancy of Deloitte. Mr Rayner is not a member of the Board. The Board decided to appoint Mr Rayner as Chairperson of the Actuarial Committee because of the highly technical nature of the activities of the committee. Mr Rayner is invited to attend the board meetings whenever matters relating to the Actuarial Committee are discussed.

Mr RD Williams is the statutory actuary and is appointed as required by the Long-term Insurance Act. He is not a Board member.

Mr Lee is a qualified actuary, living in the UK, and is not a member of the Board. Mr Lee was invited to join the Actuarial Committee because of his expert knowledge of actuarial affairs in the UK where PruHealth operates.

Business representatives from the various actuarial departments attend by invitation.

**Remuneration Committee**

The main objective of the Remuneration Committee is to recommend to the Board the remuneration principles and strategies. It is responsible for:

- Approving remuneration packages for executive directors
- Approving policy relating to bonus and share incentive schemes
- Recommending the basis for non-executive directors’ fees
- Reviewing the annual salary increase process and the increases of all senior executives, and ensuring alignment of remuneration practices with Discovery’s overall remuneration philosophy.

The Remuneration Committee met twice during the last financial year and attendance was as follows:
During the year the committee was restructured and Mr J Durand was appointed as the Chairperson. Mr Durand is an independent Board member. Mr M Hilkowitz and Mr P Cooper are members of the committee. Mr M Olivier, an independent remuneration expert, and Ms T Slabbert are invited to attend Remuneration Committee meetings. Mr Olivier is not a Board member. The CEO, Financial Director, the Head of HR and the Chairperson of the Internal Remuneration Committee attend the meetings by invitation. Executive directors are not involved in setting their own remuneration.

Details of the respective directors’ remuneration for the year under review can be found on page 258.

Social and Ethics Committee
The Social and Ethics Committee established its terms of reference during the year under review. The main objectives of this committee are to develop, implement and monitor processes to meet transformation and sustainability objectives for Discovery. The committee’s scope covers all South African subsidiaries in the Discovery Group. Responsibility for the implementation of strategies to achieve objectives rests with executive management.

The committee has the following functions:
- Monitor company activities relating to social and economic development
- Review the company’s position in terms of the 10 principles of the United Nations Global Compact
- Monitor the company’s performance in relation to good corporate citizenship, as reflected in the promotion of equality, reduction of corruption, community development and contribution, and a record of sponsorships, donations and charitable giving
- Monitor our impact on the environment, health and public safety
- Review customer relationships, including advertising, public relations and compliance with consumer protection laws.

The Social and Ethics Committee is also accountable for monitoring Discovery’s performance with regards to transformation and sustainable development.

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<tr>
<td>MI Hilkowitz</td>
<td>✓</td>
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<tr>
<td>J Durand (Chairperson)</td>
<td>n/a</td>
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<td>P Cooper</td>
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Compliance is measured through an agreed scorecard and any other measures that apply to the charters and the Department of Trade and Industry’s Codes of Good Practice.

The committee met four times during the year. The CEO and the CEOs of the business units, the Head of HR and the CFO form part of the committee.

Attendance was as follows:

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<td>SV Zilwa</td>
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<td>A Pollard</td>
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Company Secretary
Mr MJ Botha is the Company Secretary. He is suitably qualified and has the required knowledge and skills to fulfill his duties and responsibilities. The Company Secretary serves as the central source of guidance to the Board and Discovery on matters of ethics, good governance and legislative requirements. The directors all have unlimited access to the advice and services of the Company Secretary. The Company Secretary makes sure all members adhere to the administration protocols of Board and sub-committee proceedings.

The Company Secretary also facilitates the specific training needs of directors and executive management, thus ensuring that they are always in a position to fulfill their fiduciary duties and other governance responsibilities.
The Company Secretary also guides directors on their responsibilities in the statutory environment and the restrictions on dealing in company shares during restricted periods according to JSE Ltd requirements. A written notice is given to all Discovery directors and employees advising them they may not deal in shares during a restricted period. A strict pre-approval policy and process is in place for all Discovery directors. All share transactions in Discovery shares by directors and the Company Secretary are communicated to the JSE Ltd through the Stock Exchange News Service (SENS).

**Code of Conduct**

Discovery maintains high standards of business ethics, morals, honesty and integrity and expects all employees in the business operations of the Group to act accordingly. A Code of Conduct has been published that all directors and employees of the Group must follow. All employees sign a declaration agreeing to follow the Discovery Code of Conduct. The Code of Conduct explains Discovery’s approach to conducting business ethically with full compliance and in the best interests of all stakeholders.

Discovery’s Code of Conduct explains how the code applies and the general duties of directors and employees. It also sets out the rules that guide the code and how directors and employees should follow the code in the following areas:

- Personal behaviour
- Disclosing information
- Media relations
- Conflict of interest
- Fraud
- Gifts
- Commission
- Plagiarism and company assets
- Proprietary interest
- Network, internet and email
- Gambling
- Dress code
- Alcohol and drugs
- Compliance with governing laws and rules

The Code of Conduct appears on the company’s intranet site.

**Compliance**

Discovery has a team that manages the compliance of the Group’s business operations. This division continuously works with all regulatory bodies to make sure Discovery does business in compliance with all relevant laws.

Employees of Discovery also have access to a secure and confidential online and telephonic fraud reporting channel. Details of the reporting channel are available on Discovery’s website and the company intranet site.

During the past year there were no instances of material or repeated non-compliance.

**Communication with stakeholders**

The directors support the release of accurate information to Discovery stakeholders. Discovery uses reports and announcements to all audiences and meetings with investment analysts and journalists. The company website is also regularly updated. Stakeholders are encouraged to share their views with Discovery. Transparency and disclosure is always the end goal in communication. Shareholders are invited to attend the Annual General Meeting of the company.

During the past year, no requests for information were refused.

**Auditor independence**

The Discovery financial statements have been audited by independent auditors PricewaterhouseCoopers Inc. Discovery believes that the External Auditors have followed the highest level of business and professional ethics, and that they have acted with independence.

Details of fees paid to the External Auditors for audit and non-audit services are disclosed in the Group’s Annual Financial Statements. The Audit and Risk Committee reviewed all auditor fees and pre-approved all non-audit services.
RISK MANAGEMENT REPORT

Risk Management Policy

Risk management continues to advance into mainstream business life at Discovery. Our integrated Risk Management Policy places emphasis on sharing experience and knowledge as well as fostering a culture of risk awareness across the business.

Effective risk management sees reduced uncertainty and threats, and the costs and implications associated with them. At Discovery, having an effective risk management function has allowed us to successfully navigate an increasingly volatile marketplace as well as organisational complexity, while pursuing our corporate strategy within the bounds of the risk appetite of the Group.

The Risk Management Policy maintains a balance between risk and reward while taking stakeholders, resource constraints and sustainable development into consideration. The Board is accountable for the policy. The CEOs and executive management teams are responsible for the management of strategic, operational, financial, insurance and environmental risks, and implementing the Risk Management Policy through a common and integrated Enterprise Risk Management Framework.

The Enterprise Risk Management Framework aims to:

- Act as a guideline to limiting exposure to adverse outcomes by ensuring that the assumptions of risk take place within appropriate boundaries, as well as avoiding those risks for which the Group has little or no appetite, or where the expected return is inadequate
- Ensure that risks that could significantly impact the ability of the Group to meet its objectives are identified, measured, monitored, managed and reported
- Enhance risk response decisions by providing the necessary guidance to identify and select alternative risk responses
- Support management, by considering a full range of potential events, to identify and proactively realise opportunities
- Provide management with the necessary risk information to effectively assess overall capital needs and enhance capital allocation
- Define the governance structure, policies and processes for managing risk and providing assurance to the Board and external stakeholders
- Foster a culture of risk-based decision-making, enabling all employees to take more effective business decisions
- Protect the interests of key stakeholders, as well as maximise shareholder value by establishing an appropriate risk monitoring and control environment
- Improve our ability to deliver high-quality products and services, and our ability to compete locally and globally
- Outline the purpose and characteristics of key risk management processes
- Support the business growth strategy and continuously monitor and effectively manage the risks inherent in new investments and business.

The Discovery Enterprise Risk Management Framework is applicable to all companies, joint ventures and operating units within the Discovery Group.

Risk management for Discovery is achieved by the understanding and implementation of the Enterprise Risk Management Framework, which is reviewed continuously and aligned with best risk management practice.

The Risk Management Policy applies to the entire Discovery Group, including subsidiary companies and investments where Discovery assumes management responsibility. The Board reviews this policy annually.

Governance structures

The responsibility for the second and third line deployment of Discovery’s Enterprise Risk Management Framework has been delegated to three central functions:

- Group Risk Management
- Group Compliance
- Group Internal Audit.

These three central functions collectively establish the infrastructure and facilitate the process of risk management within Discovery.

It is the responsibility of the Board and executive and senior management to assess business risks, develop risk management strategies, design and implement controls, and monitor performance of controls. Group Internal Audit independently assesses this process of risk management to measure its success. In this way risk management is improved based on management knowledge, past experience and proposals from Group Internal Audit.
Discovery’s governance structure

Discovery Group Audit and Risk Committee
- Ensures integrity, reliability and accuracy of accounting and financial reporting systems
- Ensures appropriate systems are in place for monitoring risk control and compliance with the law and codes of conduct
- Evaluates the adequacy and effectiveness of the risk management, internal audit and compliance processes
- Reviews the scope, quality and cost of the statutory audit and the independence and objectivity of the auditors
- Considers the Annual Financial Statements for approval by the Board of Directors

Discovery Group Actuarial Committee
- Considers the financial soundness valuation results of Discovery
- Considers the embedded value results of Discovery
- Reviews the external disclosure of the financial soundness valuation results and the embedded value results of Discovery
- Ensures from an actuarial perspective that Discovery complies with all statutory requirements and adheres to international best practice
- Considers the capital position of Discovery
- Ensures that the necessary processes and forums are in place to ensure the actuarial soundness of new products as well as revisions of existing products
- Reviews all reinsurance arrangements

Control functions within Discovery
- Group Risk Management
- Group Risk Compliance
- Group Internal Audit

Risk management methodology
- Establish infrastructure and develop processes
  Group Risk Management + Group Compliance + Group Internal Audit
- Assess business risks
  Group Risk Management + Group Compliance
- Improve risk management controls and processes
  Group Risk Management + Group Compliance
- Develop risk management strategies
  Group Risk Management + Group Compliance
- Monitor performance of controls
  Group Risk Management
- How do we know the process is working?
  Group Internal Audit
- Design and implement internal controls
  Group Risk Management + Group Compliance
Risk governance structures, roles and responsibilities

Board of Directors

The Board is ultimately accountable for the risk management process and the effectiveness of the process. Management is accountable to the Board for designing, implementing, monitoring, and integrating the risk management into the company’s daily business.

The Board, together with the executive directors and senior management, decides on the risk strategy and policies.

The Board establishes Discovery’s appetite and tolerance for risk, which risks it will take and which it won’t to improve shareholder value. It must also ensure Discovery has an effective process to identify risk, measure its impact and manage these risks.

The Board must ensure it has a systematic, documented assessment of the processes and outcomes surrounding key risks. This should take place at least once a year, so it can make a public statement on risk management. The Board should receive and review reports on the risk management process in Discovery regularly.

The Board uses recognised risk management and internal control models and frameworks to make sure Discovery reaches its objectives in:

- Efficiency and effectiveness of operations
- Safeguarding of the company’s assets (including information)
- Compliance with applicable laws, regulations and supervisory requirements
- Supporting business sustainability under normal as well as difficult operating conditions
- Reliability of reporting
- Behaving responsibly towards all stakeholders.

The Audit and Risk Committee

The Discovery Holdings Audit and Risk Committee is a sub-committee of the Board of Discovery Holdings.

Its objectives are to:

- Provide advice on risk strategy, including the oversight of current risk exposures, including prudential risks
- Review the development of proposals in respect of overall risk appetite and tolerance, and metrics to be used to monitor risk management performance
- Provide oversight and challenge of the design and execution of stress and scenario testing
- Provide oversight and challenge of the day-to-day risk management and oversight arrangements of the Executive Committee
- Provide oversight and challenge of due diligence on risk issues relating to material transactions and strategic proposals
- Provide advice, oversight and challenge necessary to embed and maintain a culture supportive of risk management at all levels
- Review the effectiveness of systems of monitoring compliance with regulation and laws
- Be satisfied that all regulatory compliance matters have been subject to adequate monitoring and control, and review the Group Compliance Monitoring Plan
- Review the effectiveness of the company’s regulatory and compliance policies and procedures for the identification, assessment and reporting of regulatory risks.

The “three lines of defence” model

The Discovery Group uses a “three lines of defence” governance model, as illustrated and explained below:

- Line management within the business forms the primary “first line” responsibility for managing, monitoring and assessing risk
- The second line of defence is provided by the risk function and those specialist functions that undertake policy-setting and monitoring roles. Note that many specialist functions (for example, people, IT) have both operational and policy-setting roles, and so have a “dual role” in both first and second lines of defence
- The third line of defence is provided by Audit, which has responsibility for providing independent assurance over the risk management and business processes.
The core components of Discovery’s risk profile are:

- Financial risk
- Insurance risk
- Operational risk
- Strategic risk
- Macroeconomic, social and environmental risk
- Business continuity risk
- Legal risk
- Information security
- Compliance risk
- Fraud and security risk.

The risk profile helps the Group manage reputational risk and guides the decision-making processes, to ensure the long-term sustainability of Discovery.

**Financial risk**
The risk that Discovery will be unable to meet its financial obligations. This type of risk is primarily a function of credit, market, liquidity and financial performance risks. In addition, financial risk is related to the relative amount of debt Discovery uses to finances its assets. A higher proportion of debt increases the likelihood that at some point Discovery will be unable to finance its debt. To this end, financial performance is also monitored.

Discovery manages financial risks in the following way:

- Discovery has appointed reputable external asset managers to manage its investments
- The Actuarial Committee reviews the overall matching of shareholder and policyholder assets
- The Capital, Currency and Investment Committee (CCIC) is a sub-committee of the Executive Committee and meets quarterly to focus on shareholder assets and the performance of asset managers responsible for managing these assets. The CCIC also sets limits for exposure to individual counterparties
- Discovery periodically engages with external consultants to review past investment decisions
- The investment committee is a sub-committee of the CCIC and meets monthly to make practical decisions regarding Discovery’s liquidity and foreign currency exposure.

**Insurance risk**
This type of risk relates to the inherent uncertainty of insurance liabilities, such as frequency, amount and timing. It includes adverse mortality, morbidity and lapse experience.

- Mismatching and market risk is managed by recognising premium and benefit increases on insurance contracts in line with the lowest increase option available to the policyholder that will not require any other changes of premiums relative to benefits
- Lapse risk is managed through new product offerings, commission payback where a policy lapses within the first two years of inception, maintaining client relationships to establish reasons for cancellations and to possibly conserve the policy, reinsurance, and lapse experience monitoring on a monthly basis
- Mortality and morbidity risk are managed through product design and pricing. Products are carefully designed to minimise adverse selection. Rating factors are applied to standard premium rates to differentiate between different levels of risk.

**Operational risk**
Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal and regulatory compliance risk.

Operational risk is managed in terms of Discovery’s Operational Risk Management Framework. This is a sub-framework of Discovery’s Enterprise Risk Management Framework. The Operational Risk Management Framework aims to:

- Focus the business on the management of its key business success and risk factors to maximise the chances of it reaching its objectives
- Integrate the risk management process with the line management process, to reinforce the concept that line management is risk management
- Create a process that will establish value-added risk-reporting at all levels of the organisation to support risk analysis.

Independent monitoring of operational risk throughout the business occurs through a number of functions, including Legal, Group Forensic Services, Group Compliance and Group Risk Management. Each of the functions has defined roles, responsibilities and performance objectives to ensure operational risk is managed across Discovery.

**Strategic risk**
Strategic risk refers to the negative impact poor business decisions, improper strategy implementation or lack of responsiveness to industry changes may have on the current or prospective earnings of Discovery.

Strategic risk is managed according to Discovery’s Enterprise Risk Management Framework. Discovery recognises that risk management practices are an important part of strategic planning. Strategic goals and objectives, corporate culture and behaviour are communicated and applied throughout the Group. Strategic direction and organisational efficiency are improved by the depth and technical expertise of management. Strategic initiatives are supported by sound due diligence and strong risk management systems.
Macro-economic, social and environmental risk
Macro-economic, social and environmental risk refers to a range of issues that may impact the sustainability of Discovery. It may include internal and external stakeholder issues, as well as social and environmental risk.

- Discovery’s Sustainability Division oversees internal and external stakeholder engagement and the identification of factors that impact the sustainability of the business
- Performance is monitored against targets set by each business area.

Business continuity risk
Business continuity risk relates to Discovery’s inability to recover operations in the event of unexpected disruptions and disasters.

- Through business continuity management, Discovery assesses business needs and identifies weaknesses
- Discovery also ensures that current business continuity strategies and plans are tested yearly, and are up to date.

Legal risk
Legal risk is the risk of loss relating to ambiguity, errors and omissions in contracts resulting in the inadequate protection of the interests and assets of Discovery, or the exposure to possible claims against the business.

- Discovery has control measures in place to monitor new legislation, and to identify and manage significant legal risks.

Information security
Information security risk relates to a loss of data or unauthorised access to confidential data.

- Discovery has control measures in place to protect its information assets, and to ensure the confidentiality, integrity and availability of its information
- Discovery’s Information Security Policy defines our objectives for managing information security and outlines the processes needed across the business to ensure the security of information.

Compliance risk
Compliance risk is the risk of legal or regulatory sanction, material financial loss or damage to reputation. This may happen if a business does not obey legislation, regulations, rules, organisation or industry standards, and codes of conduct.

- Discovery’s Compliance Division supports the various operational areas to identify and manage their compliance risks.

Fraud and security risk
Fraud and security risk relates to issues that impact the safety of customers, employees and assets. Fraud is a risk for Discovery as it is a major contributor to rising healthcare costs in the medical scheme industry, as well as the life insurance industry.

- Discovery’s Code of Conduct stipulates ethical behaviour from all managers and directors, including non-executive directors, employees and third-party suppliers
- We have a zero-tolerance approach to any form of fraud, dishonesty or betrayal of trust. Employees who are caught in fraudulent activity will face disciplinary action, dismissal and even criminal charges
- Our Forensic Services Department is responsible for managing the risk of fraud in Discovery. This department monitors and manages all incidents of internal and external fraud and corruption
- Discovery runs an active anti-fraud programme that includes an anonymous fraud tip-off line that is open to employees and the general public
- All new employees receive information about Discovery’s Code of Conduct and fraud policy during induction.
GROUP COMPLIANCE REPORT

Introduction

Compliance risk is the risk that the controls and procedures implemented to comply with laws, regulations, supervisory requirements or industry codes may be inadequate or ineffective. This may result in potential legal or regulatory sanction, financial loss or loss to reputation.

The regulatory and supervisory requirements for the financial services sector have grown more stringent every year. We view our compliance with these requirements as one of the fundamental principles to support sustainable development and our future stability, and we continuously focus on our compliance with these requirements across all business areas within the Group.

Our approach to compliance

The Discovery Board, through the Audit and Risk Committee, has delegated the responsibility to implement a Governance Framework for Discovery to the Chief Compliance Officer. This framework encourages a culture of compliance to ensure that compliance risks and regulatory change risks are identified, prioritised, managed and monitored appropriately. Regular reporting is done to management and the Board.

Group Compliance is also responsible for the implementation and monitoring of an Anti-Money Laundering Control Framework within the Group.

While our local business operations are supported by experienced compliance officers within a centralised compliance team, our UK and USA business areas are supported by a dedicated compliance team in the UK and USA respectively. These teams work closely with the Group Compliance function in South Africa.

This allows the Group Compliance function to set standards and guidelines applicable to both the local and international business operations, to perform independent monitoring, and to provide easy access to technical expertise in terms of specific regulatory requirements.

The structure of the function enforces the independence of the Group Compliance function and ensures dedicated focus on compliance matters. This is a very important component of good corporate governance and a requirement of King III and other legislation.
Regulatory environment

Discovery is regulated by several regulatory authorities. Contact with our regulators takes place by authorised individuals on both a formal and informal basis. We always seek to maintain a relationship of trust and transparency with our regulators. Our key regulators are:

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<th><strong>Regulator</strong></th>
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<tr>
<td>Financial Services Board (FSB)</td>
<td>The FSB regulates the non-banking aspects of the financial services industry, including pension funds, long-term and short-term insurance, collective investment schemes and financial advisory and intermediary services.</td>
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<tr>
<td>National Credit Regulator (NCR)</td>
<td>The NCR was established to regulate the South African credit industry.</td>
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<td>Council for Medical Schemes (CMS)</td>
<td>The CMS was established to provide regulatory supervision of private health financing through medical schemes.</td>
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<tr>
<td>Financial Intelligence Centre (FIC)</td>
<td>The FIC was established to identify the proceeds of unlawful activities and to combat money laundering activities.</td>
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<tr>
<td>Department of Trade and Industry (DTI)</td>
<td>The DTI focuses on consumer protection and develops legislation to encourage appropriate business practices and enable consumers to exercise their rights.</td>
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<tr>
<td>Consumer Commissioner</td>
<td>The Office of the Consumer Commissioner was established with the implementation of the Consumer Protection Act in April 2011 and is responsible for establishing consumer rights.</td>
</tr>
<tr>
<td>Financial Services Authority (FSA) (UK)</td>
<td>The FSA is the regulator of the financial services industry in the UK.</td>
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<tr>
<td>Information Commissioner’s Office (UK)</td>
<td>The independent regulatory office dealing with the Data Protection Act 1998 and the Privacy and Electronic Communications (EC Directive) Regulations 2003 across the UK.</td>
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Our focus areas during the past year

During the year, we focused on the following areas to support the directors, Chief Executive Officer, management and employees to fulfill compliance responsibilities:

- **Identification and implementation of changes in regulatory requirements**
  Discovery operates in a dynamic and continuously evolving regulatory and supervisory environment. Changes within these environments are monitored on an ongoing basis. We notify the relevant business operations of any changes and implications to ensure that appropriate controls are implemented.

- **Regulatory frameworks**
  Regulatory frameworks are updated on a quarterly basis, controls are monitored on an ongoing basis using a risk-based approach and any non-compliance is reported using the governance processes.

- **General guidance and support to business**
  Our Group Compliance function assisted management and business operations with the implementation of appropriate controls to comply with relevant regulatory obligations. Group Compliance also assisted business with the management of incidents of non-compliance.

- **Compliance monitoring**
  Compliance risks were monitored and tracked by regulators, management, Internal Audit and Group Compliance. Monitoring conducted by regulators is high-level and focused on individual supervisory themes. Management monitors compliance as part of the day-to-day operations. Group Compliance uses a risk-based methodology for monitoring. This process ensures that we verify the appropriateness and efficiency of controls that are implemented to monitor and ensure compliance. No significant financial penalties or regulatory censure were imposed in the financial year ended 30 June 2012.

- **Regulatory training and awareness**
  A training programme is in place to train employees and management on the applicable regulatory requirements.
Our focus areas for 2013

During the next year we will focus on the following areas:

• Continuing our efforts to ensure the protection of our clients’ rights and personal information
• Establishment of a framework to monitor and report on the fair treatment of our customers
• Implementation of the Solvency Assessment and Management Framework (SA) and Solvency II requirements (UK)
• Continued strengthening of our Information Security Controls.

Continuing our efforts to ensure the protection of our clients’ rights and personal information
We are continuing work on the projects initiated in 2009 to strengthen and support the controls and procedures around the protection of our clients’ rights and their personal information.

We have made substantial progress with the implementation of these controls and procedures. The remaining areas that require focus during 2013 are those areas impacted by the Protection of Personal Information Bill.

Establishment of a framework to monitor and report on the fair treatment of customers
Discovery supports the initiatives launched by the Financial Services Board in the latter part of 2011 that are aimed at ensuring the fair treatment of customers.

During the past year we have made substantial progress in the definition of fairness measures across all businesses. During 2013 we will focus on embedding these measures and establishing a sound framework for monitoring and reporting.

We will continue working with the regulatory authorities to develop the final regulatory framework for treating customers fairly.

Implementation of the Solvency Assessment and Management Framework
Discovery is committed to cooperating and working with the Financial Services Board during the implementation of the Solvency Assessment and Management (SAM) Framework in South Africa. We are actively participating in a number of industry working groups that were established by the FSB for this purpose.

During the past year we have also established an internal company-wide programme to focus on the implementation and delivery of the SAM requirements. Work on this programme is on track and continued focus will be placed on delivering the work required to meet the regulatory requirements of this framework.

Continued strengthening of our information security controls
The Information Security function operates as part of Group Compliance. This structure provides appropriate segregation of roles, thereby strengthening the governance within the IT environment.

A number of projects were initiated to address areas with additional control requirements. This follows a review of our information security controls and procedures as well as the requirements of the King III codes and the Protection of Personal Information Bill. Work on these projects is progressing according to plan and is currently at various stages of completion.

The Information Security function provides annual feedback to the Board on matters related to IT governance and information security.

Regulatory developments

A number of new regulatory requirements will have an impact on the business areas during the coming year:

Fit and Proper requirements for key individuals and representatives
The past year has seen a number of developments around the Fit and Proper requirements. Discovery remains committed to ensuring that the knowledge and experience of our representatives in the financial services industry are among the best in the industry. It is for this reason that we have implemented a programme to support this.

Following the success of our programme to support our key individuals and representatives in the completion of the Level 1 regulatory exams by 30 June 2012, we are now working on similar programmes to support the Level 2 regulatory exams.

With the introduction of the Continued Professional Development requirements of the Financial Advisory and Intermediary Services Act, we have started developing appropriate programmes for all our representatives and key individuals. These programmes will be registered and rolled out to all our business areas in the next year.

Protection of Personal Information Bill
We have implemented a number of initiatives across our South African operations to ensure that our controls are in line with the requirements of this Bill, and provide the required level of security to our clients.

National Health Insurance
Discovery remains committed to working with the Department of Health to facilitate the implementation of NHI.

Proposed restructuring of commission for the risk and investment businesses
The Financial Services Board published details of proposed amendments to the commission structures for risk and investment business in the second part of 2011. Industry comments and further information were requested from industry participants around these proposals. We are actively participating in industry initiatives established to co-operate with the FSB on this initiative.
Introduction
This report sets out the remuneration philosophy and the salient points of the policies that Discovery has adopted in respect of executive management, employees and non-executive directors.

Remuneration philosophy
The remuneration process is designed to support the successful execution of the organisational strategy by:

• Attracting, motivating and retaining quality employees
• Encouraging and rewarding employees to achieve or exceed the objectives of the business
• Aligning the economic interest of employees with those of other stakeholders
• Fostering Discovery's owner-manager culture.

Our philosophy is to balance a flexible approach that recognises differences in individual performance, value and contribution to the organisation, with a consistent framework that ensures equitable pay levels and defensible remuneration decisions. At all levels there are rigorous objective-setting processes to ensure that shareholder objectives are met or exceeded.

Responsibility for developing and governing remuneration
The Board is ultimately responsible for the remuneration policy. To assist the Board in fulfilling its responsibilities, it has appointed and mandated a Remuneration Committee, which consists of non-executive directors and independent experts.

The primary objective of the Remuneration Committee is to provide input into and approve the reward strategy. It is responsible for:

• Approving remuneration packages for executive directors
• Approving policy relating to bonus and share incentive schemes
• Recommending the non-executive directors’ fees
• Reviewing the annual salary increase process and the increases of all senior executives, and ensuring alignment of remuneration practices with Discovery’s overall remuneration philosophy.
The Remuneration Committee has delegated some of its functions to the Internal Remuneration Committee. This committee is responsible for:

- Detailed analysis and development of research-based recommendations to the Remuneration Committee
- The remuneration packages of management and employees in general (with the exception of directors) in line with the policy
- Supervising the increase process and reporting any anomalies to the Remuneration Committee.

The Remuneration Committee uses the services of a number of advisers to assist in tracking market trends related to all levels of employees, including PE Corporate Services, Mabili Reward, Remchannel Financial Reward Survey and 21st Century Business and Pay Solutions.

Remuneration committee membership
J Durand is the Chairperson of the Remuneration Committee. Other Remuneration Committee members are P Cooper and M Hilkowitz. T Slabbert and M Olivier (independent remuneration expert), who both have experience in this area, attend the meeting by invitation.

Meeting attendance can be seen in the table on page 112.

All Remuneration Committee members have the relevant skills and experience to perform their duties.

Remuneration of executive directors
The executive directors on Discovery’s Board as at 30 June 2012 were:
- A Gore
- R Farber
- H Kallner
- N S Koopowitz
- H P Mayers
- A Ntsaluba
- A Pollard
- J M Robertson
- B Swartzberg

All executive directors are employed with employment contracts that may be cancelled by giving between one and three months’ notice by either the executive or the company.

The remuneration of executive directors for the financial year can be found on page 258.

Remuneration packages for executive directors comprise the following components:

Guaranteed component
All executive directors receive a guaranteed element of remuneration. This is based on cost to company. Cost to company comprises a fixed cash portion, and compulsory benefits (medical aid, life cover and retirement fund membership).

Comparative studies of peer groups and similar sized companies are used together with market survey data in determining adjustments to the executive directors’ guaranteed remuneration. This ensures the positioning of pay in line with the Group’s remuneration philosophy.

Short-term incentives
Short-term incentives are designed to reward executive directors for achieving stipulated strategic annual objectives, thereby ensuring that a significant portion of executive directors’ cost is variable.

Executive directors’ short-term incentives comprise two components:
- An annual personal incentive linked to individual goals for each director
- A “profit pool” element which allows senior management to share in profit if the Group’s performance is above certain profit hurdles.

Typically the split between individual and profit pool components is 25% and 50% of salary respectively. In each case, there is a threshold below which no incentive is paid. These thresholds are set strategically based on the business area and level.

Approximately 80% of the short-term incentives are paid in arrears in September each year in respect of the previous financial year. Accordingly, the details in respect of short-term incentives reflected in the year ended 30 June 2012 substantially reflect the incentives paid in September 2011 for performance for the financial year ended 30 June 2011. The remuneration details on page 258 reflect the remuneration paid during the financial year.

Long-term incentives
Long-term incentives aim to encourage executive directors to execute the long-term strategy of the Group successfully to achieve its long-term objectives. Executive directors take part in the Group’s share-based incentive scheme. This scheme is described in more detail below, and details of the allocation to executive directors can be found on page 260.
Remuneration of senior management and employees

The aggregate remuneration of the Discovery senior management and employees for the financial year can be found on page 238.

Remuneration packages for senior management and employees contain some, or all of the following components, depending on the individual's level in the Group and contribution to key initiatives:

Guaranteed component

All permanent employees who are not in a sales function, irrespective of level, receive a guaranteed element of remuneration. This is based on cost to company and comprises a fixed cash portion as well as compulsory benefits (medical aid, life cover and retirement fund membership). The target level for the guaranteed portion of the remuneration package is set at the 50th percentile of the financial services market.

Increases in the guaranteed component are determined in line with market movements in the 50th percentile and reflect individual performance. Employees in a sales function receive a variable monthly remuneration linked directly to their productivity. The level of this remuneration is also benchmarked to the financial services market.

Short-term incentives

At a management level, Discovery uses short-term incentives to encourage achievement of stipulated semi-annual and annual objectives, thereby ensuring that a significant portion of pay is variable and linked to performance.

Senior management’s short-term incentives comprise two components (depending on their level):

- A six-monthly personal incentive linked to individual goals for each employee
- A “profit pool” element which allows senior management to share in profit if the Group’s performance is above certain profit hurdles

The Remuneration Committee approves the Group’s primary bonus pools and oversees the principles applied in allocating these pools to business units and individuals. Typically the split between individual and profit pool components is 25% and 50% of salary respectively. In each case, there is a threshold below which no incentive is paid. These thresholds are set and strategically based on the business area and level.

The performance-related pay of employees in many business areas relates directly to their function and is paid monthly, bi-annually or annually. Discovery encourages managers to include an element of performance-related pay in all employees’ packages.

Long-term incentives

Senior management, together with executive directors, takes part in the Group’s share-based incentive scheme. The overall individual performance is taken into account when the Remuneration Committee decides on each individual allocation. It is the view of the Remuneration Committee that the incentive scheme is a direct link to the company performance through the share price. In addition, the scheme is intended to attract and retain competent employees. This scheme is described in more detail below.

Share-based incentive scheme

Discovery operates a share-based incentive scheme that gives employees a bonus that is calculated according to Discovery’s share price performance. Discovery pays these incentives in cash. The value of the annual allocation of the share-based incentive scheme at the date of allocation as a proportion of annual guaranteed pay varies between 30% for managers and 60% for executive directors. The final allocation is based on the individual performance. Each year the Remuneration Committee uses the prior year’s allocation and current salary level to assess the allocation and ensure that final allocation is related to performance.

Discovery implemented this bonus scheme following the introduction of income tax legislation that requires employees to pay income tax on all gains from share options that they receive from their employment. Payments made in terms of this scheme are taxable in the hands of the employee and tax deductible for the company making the payment. Payments are made in equal proportions on the second, third, fourth and fifth anniversaries of allocation.

The participants earn a cash bonus based on the allocation of the bonus scheme units, which in turn, are linked to the performance of the Discovery share price. Units are issued in September each year. The vesting of the units is two, three, four and five years after allocation, subject to the vesting criteria. The cost is then included in the remuneration of executives in the year of payment. As a result, there is a timing difference between the performance of the company and the reflection of the related remuneration. This is an inevitable consequence of employee retention being a key objective of the scheme. For example, the units allocated to executives in September 2009 which vest from September 2011 (FY2012) will be paid over four years with the first payment in October 2011. This payment will reflect in the executive remuneration in the 2012 financial year.

Similarly, the specific tranche of phantom shares issued to very senior executives in July 2009, vests over four and half years starting from September 2011. The Group CEO did not participate in this latter allocation.

Discovery has implemented a programme to hedge out the economic risk linked to the share price based on the anticipated payout of the incentive.

Further details relating to the share-based incentive scheme can be found in note 33.1 on page 239.

Corporate Governance Remuneration report (continued)
Allocations under the share-based incentive scheme are made each year, based on the ruling share price at the time of allocation. The units issued in terms of the scheme vest and are paid out on the second, third, fourth and fifth anniversary of allocation, based on the share price at the time of payment. Accordingly, if there is a substantial increase in the share price, the payment to the individual will be more than the value at the date of allocation. Similarly, if there is a decline in the share price, the payment will be decreased accordingly.

Discovery has implemented a programme to hedge this economic risk for the company. Thus, there is a fixed cost to the company and any outperformance is covered through the hedge.

The remuneration details on page 238 reflect the remuneration paid during the financial year. Accordingly, details of the share-based incentive scheme reflected in the year ended 30 June 2012 reflect payments made in the financial year in respect of units allocated in the previous years – and any appreciation in the share price to the date of payment.

Review of long-term incentives

The Remuneration Committee regularly reviews the Group's long-term incentive scheme to ensure alignment to both long-term objectives and any relevant changes in tax legislation.

Remuneration of non-executive directors

The remuneration of non-executive directors for the financial year can be found on page 258.

Non-executive directors’ fees are reviewed annually and benchmarked against industry standards to ensure the fees remain competitive. The Remuneration Committee reviews fees, ensures that the professional benchmarking is done and makes recommendations to the Board for consideration. Following recommendations from the Remuneration Committee, the Board proposed shareholder approval for the fees for non-executive directors.

Non-executive directors receive a combination of fixed and meeting fees for their participation on the Board and Board committees. Black non-executive directors also participated in the Discovery BEE transaction in 2005. This initiative was approved because the Board believed it necessary to secure the services of black non-executive directors with the relevant skills and experience.

At the AGM held on 1 December 2009, shareholders approved a phantom share scheme for Ms SE Sebotsa, a black non-executive director, to replicate participation in the Discovery BEE transaction.

White non-executive directors do not participate in any share-based incentive scheme.

Non-executive directors’ fees

The Board determines the fees for non-executive directors, following a recommendation from the Remuneration Committee. The fees are reviewed annually, taking into consideration the individual's responsibilities and Board committee membership. The Chairperson is not present when his remuneration is reviewed. In addition, from time to time, the fees are benchmarked to other local and international financial services companies and companies with similar market capitalisation. The fee structure has two components, comprising a retainer and Board or Board committee meeting attendance fee. The fee structure for the 2012 and 2013 financial years is shown below:

<table>
<thead>
<tr>
<th></th>
<th>FY 2012</th>
<th>As approved by the Board for FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retainer for the chairperson (all inclusive)</td>
<td>R2 500 000</td>
<td>R2 662 500</td>
</tr>
<tr>
<td>SA-based board retainer</td>
<td>R257 000</td>
<td>R273 700</td>
</tr>
<tr>
<td>SA-based committee chairperson retainer</td>
<td>R160 000</td>
<td>R170 000</td>
</tr>
<tr>
<td>SA-based committee members’ retainer</td>
<td>R92 000</td>
<td>R98 000</td>
</tr>
<tr>
<td>SA-based committee chairperson attendance fees</td>
<td>R17 000 per meeting</td>
<td>R18 100 per meeting</td>
</tr>
<tr>
<td>SA-based committee member attendance fee</td>
<td>R11 700 per meeting</td>
<td>R12 500 per meeting</td>
</tr>
<tr>
<td>USA-based board retainer</td>
<td>$67 000</td>
<td>$69 000</td>
</tr>
<tr>
<td>UK-based board retainer</td>
<td>£51 000</td>
<td>£52 530</td>
</tr>
<tr>
<td>UK-based committee chairperson retainer</td>
<td>£17 300</td>
<td>£24 820</td>
</tr>
<tr>
<td>UK-based committee chairperson attendance fee</td>
<td>£2 160 per meeting</td>
<td>£2 400 per meeting</td>
</tr>
<tr>
<td>UK-based committee member retainer</td>
<td>£6 900</td>
<td>£7 800</td>
</tr>
<tr>
<td>UK-based committee member attendance fee</td>
<td>£865 per meeting</td>
<td>£980 per meeting</td>
</tr>
</tbody>
</table>

Non-executive directors’ fees for the 2012 financial year have been increased by 6.5% for South African Rand-based fees, and 3% for United States Dollar-based fees. The remuneration of the UK-based Chairperson of the Audit and Risk Committee has been increased to take into account the emerging governance requirements for that role.
ASSURANCE REPORT OF THE INDEPENDENT AUDITORS
for the year ended 30 June 2012

Introduction
We have been engaged by the Directors of Discovery Holdings Limited ("Discovery") to perform an independent assurance engagement in respect of selected identified sustainability information included in Discovery’s 2012 Integrated Annual Report and Report to Society for the year ended 30 June 2012 ("the Report").

Scope and subject matter
The subject matter is the Global Reporting Initiative (GRI) G3 Guidelines for the year ended 30 June 2012 and the related Self Assessment Application Level B+ for Discovery. These indicators are in the Integrated Annual Report and the Report to Society.

Our responsibilities extend only to relevant information contained in the signed 2012 Integrated Annual Report and information referenced to the Report to Society.

Responsibilities of the Directors
Discovery’s Directors are responsible for the preparation and presentation of the identified sustainability information, as incorporated in the 2012 Report, in accordance with their internally defined procedures (available on request from Discovery). Discovery’s Directors are also responsible for maintaining adequate records and internal controls that are designed to support the reporting process.

They are also responsible for the selection and application of the reporting criteria detailed below:

i. The Global Reporting Initiative (GRI) G3 Guidelines, supported by Discovery’s internally defined procedure
ii. The GRI G3 Guidelines for Discovery’s self declaration of the B+ application level.

Responsibility of Indyebo Incorporated
Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the identified sustainability information contained in the 2012 Report is not stated, in all material respects, in accordance with the reporting criteria.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, assurance engagements other than audits or reviews of historical financial information, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain assurance on the identified sustainability information as per the terms of our engagement.

This report, including the conclusion, has been prepared solely for the Directors of Discovery as a body, to assist the Directors in reporting on Discovery’s sustainability performance and activities.

We permit the disclosure of this report within the Report for the year ended 30 June 2012, to enable the Directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Report.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and Discovery for our work or this report, save where terms are expressly agreed and with our prior consent in writing.

Summary of work performed
Our procedures included examination, on a test basis, of evidence relevant to the identified sustainability information. They also included an assessment of the significant estimates and judgments made by the Directors in the preparation of the identified sustainability information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion. Discovery’s internal corporate reporting criteria and the GRI new generation (G3) guidelines were applied for evaluating the identified sustainability information.

Inherent limitations
Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

We have not conducted any work on data reported for prior reporting periods nor in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the identified sustainability information.

Conclusion
Limited assurance
With reference to the identified sustainability information, the following applies:

i. Based on our work performed, nothing has come to our attention causing us to believe that the Key Performance Indicators selected for limited assurance, for the year ended 30 June 2012, are not stated, in all material respects, in accordance with the reporting criteria

ii. Based on our work performed, nothing has come to our attention causing us to believe that Discovery’s self-declaration of a B+ application level, for the year ended 30 June 2012, is not stated, in all material respects, in accordance with the reporting criteria.

Indyebo Incorporated
Director: Ndumi Medupe
Johannesburg
21 September 2012
## GRI Indicator | Topic |
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<td>Statement from the most senior decision-maker of the organisation</td>
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<td><strong>Organisational profile</strong></td>
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<td>2.1 – 2.10</td>
<td>Name, brands, areas of operation, operational structure, markets served</td>
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<td>Our stakeholders</td>
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<td>4.14 – 4.17</td>
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<td>Our stakeholders</td>
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<td><strong>Economic</strong></td>
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<td>EC1</td>
<td>Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments</td>
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<td>Our performance during the past year, how we add value</td>
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<td>EC2</td>
<td>Financial implications and other risks and opportunities for the organisation’s activities due to climate change</td>
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<td>EC3</td>
<td>Coverage of the organisation’s defined benefit plan obligations</td>
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<td>EC4</td>
<td>Significant financial assistance received from government</td>
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<td>EC5</td>
<td>Range of ratios of standard entry level-wage compared to local minimum wage at significant locations of operation</td>
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<td>EC6</td>
<td>Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation</td>
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<td>EC7</td>
<td>Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation</td>
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<td>EC8</td>
<td>Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement</td>
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<td>Our framework for sustainable development: strengthening the healthcare system</td>
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<td></td>
<td>Report by Adrian Gore, CEO, Discovery</td>
</tr>
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<td>GRI Indicator</td>
<td>Topic</td>
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<tr>
<td><strong>Environmental</strong></td>
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<tr>
<td>EN1</td>
<td>Materials used by weight or volume</td>
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<td>EN2</td>
<td>Percentage of materials used that are recycled input materials</td>
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<td>EN3</td>
<td>Direct energy consumption by primary energy source</td>
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<td>EN4</td>
<td>Indirect energy consumption by primary source</td>
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<td>EN5</td>
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<td>EN6</td>
<td>Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives</td>
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<td>Initiatives to reduce indirect energy consumption and reductions achieved</td>
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<td>EN9</td>
<td>Water sources significantly affected by withdrawal of water</td>
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<td>EN10</td>
<td>Percentage and total volume of water recycled and reused</td>
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<td>EN11</td>
<td>Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</td>
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<tr>
<td>EN12</td>
<td>Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas</td>
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<td>EN13</td>
<td>Habitats protected or restored</td>
</tr>
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<td>EN14</td>
<td>Strategies, current actions, and future plans for managing impacts on biodiversity</td>
</tr>
<tr>
<td>EN15</td>
<td>Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk</td>
</tr>
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<td>EN16</td>
<td>Total direct and indirect greenhouse gas emissions by weight</td>
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<td>EN17</td>
<td>Other relevant indirect greenhouse gas emissions by weight</td>
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<tr>
<td>EN18</td>
<td>Initiatives to reduce greenhouse gas emissions and reductions achieved</td>
</tr>
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<td>EN19</td>
<td>Emissions of ozone-depleting substances by weight</td>
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<td>EN20</td>
<td>NOx, SOx, and other significant air emissions by type and weight</td>
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<td>EN21</td>
<td>Total water discharge by quality and destination</td>
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<td>GRI Indicator</td>
<td>Topic</td>
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<td>---------------</td>
<td>----------------------------------------------------------------------</td>
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<tr>
<td>EN22</td>
<td>Total weight of waste by type and disposal method</td>
</tr>
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<td>EN23</td>
<td>Total number and volume of significant spills</td>
</tr>
<tr>
<td>EN24</td>
<td>Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally</td>
</tr>
<tr>
<td>EN25</td>
<td>Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff</td>
</tr>
<tr>
<td>EN26</td>
<td>Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation</td>
</tr>
<tr>
<td>EN27</td>
<td>Percentage of products sold and their packaging materials that are reclaimed by category</td>
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<tr>
<td>EN28</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations</td>
</tr>
<tr>
<td>EN29</td>
<td>Significant environmental impacts of transporting products and other goods and materials used for the organisation’s operations, and transporting members of the workforce</td>
</tr>
<tr>
<td>EN30</td>
<td>Total environmental protection expenditures and investments by type</td>
</tr>
</tbody>
</table>

**Labour**

<p>| LA1           | Total workforce by employment type, employment contract, and region | 24 (3)                          | How our framework for sustainable development contributes to our performance |
| LA2           | Total number and rate of employee turnover by age group, gender, and region |                                     | (0)                |                                                                            |
| LA3           | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations |                                     | (0)                |                                                                            |
| LA4           | Percentage of employees covered by collective bargaining agreements |                                     | (0)                |                                                                            |
| LA5           | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements |                                     | (0)                |                                                                            |
| LA6           | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes |                                     | (0)                |                                                                            |
| LA7           | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region |                                     | (0)                |                                                                            |
| LA8           | Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases |                                     | (0)                |                                                                            |</p>
<table>
<thead>
<tr>
<th>GRI Indicator</th>
<th>Topic</th>
<th>Annual Report page/website reference</th>
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<th>Description</th>
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<tbody>
<tr>
<td>LA9</td>
<td>Health and safety topics covered in formal agreements with trade unions</td>
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<tr>
<td>LA10</td>
<td>Average hours of training per year per employee by employee category</td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
<td>Discovery Report to Society, a values-based culture of opportunity</td>
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<tr>
<td>LA11</td>
<td>Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings</td>
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<tr>
<td>LA12</td>
<td>Percentage of employees receiving regular performance and career development reviews</td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
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<tr>
<td>LA13</td>
<td>Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity</td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
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<td>Discovery Report to Society, a values-based culture of opportunity</td>
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<tr>
<td>HR1</td>
<td>Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening</td>
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<tr>
<td>HR2</td>
<td>Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken</td>
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<tr>
<td>HR3</td>
<td>Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained</td>
<td></td>
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<tr>
<td>HR4</td>
<td>Total number of incidents of discrimination and actions taken</td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
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<tr>
<td>HR5</td>
<td>Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights</td>
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<tr>
<td>HR6</td>
<td>Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour</td>
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<tr>
<td>HR7</td>
<td>Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour</td>
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<tr>
<td>HR8</td>
<td>Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations</td>
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<tr>
<td>HR9</td>
<td>Total number of incidents of violations involving rights of indigenous people and actions taken</td>
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<tr>
<td><strong>Society</strong></td>
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<tr>
<td>SO1</td>
<td>Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting</td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
<td>Partial reporting</td>
<td>Discovery Report to Society, promoting a thriving society</td>
</tr>
<tr>
<td>SO2</td>
<td>Percentage and total number of business units analysed for risks related to corruption</td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
<td>Partial reporting</td>
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<tr>
<td>SO3</td>
<td>Percentage of employees trained in organisation’s anti-corruption policies and procedures</td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
<td>Partial reporting</td>
<td>Discovery Report to Society, promoting a thriving society</td>
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<tr>
<td>SO4</td>
<td>Actions taken in response to incidents of corruption</td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
<td>Partial reporting</td>
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<tr>
<td>SO5</td>
<td>Public policy positions and participation in public policy development and lobbying</td>
<td></td>
<td>Not reported</td>
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<tr>
<td>SO6</td>
<td>Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country</td>
<td></td>
<td>Not reported</td>
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<tr>
<td>SO7</td>
<td>Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes</td>
<td></td>
<td>Not reported</td>
<td>Discovery Report to Society, promoting a thriving society</td>
</tr>
<tr>
<td>SO8</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations</td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
<td>Full reporting</td>
<td>Discovery Report to Society, key sustainability indicators</td>
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<tr>
<td><strong>Product responsibility</strong></td>
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<tr>
<td>PR1</td>
<td>Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures</td>
<td></td>
<td>Partial reporting</td>
<td>Discovery Report to Society, promoting a thriving society</td>
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<tr>
<td>PR2</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes</td>
<td></td>
<td>Partial reporting</td>
<td>Discovery Report to Society, promoting a thriving society</td>
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<tr>
<td>PR3</td>
<td>Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements</td>
<td></td>
<td>Partial reporting</td>
<td>Discovery Report to Society, promoting a thriving society</td>
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<td>PR4</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes</td>
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<tr>
<td>PR5</td>
<td>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction</td>
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<tr>
<td>PR6</td>
<td>Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship</td>
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<tr>
<td>PR8</td>
<td>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data</td>
<td><a href="http://www.discovery.co.za">www.discovery.co.za</a></td>
<td>Full reporting</td>
<td>Discovery Report to Society, key sustainability indicators</td>
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<tr>
<td>PR9</td>
<td>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services</td>
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<td>Not reported</td>
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</tbody>
</table>